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STEP BY STEP
PROCEDURES

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Rural Electrification Administration
Finance Division

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STEPS IN ASSIGNING AUDITS

<u>Step:</u>	<u>Description:</u>
I	Assigning of Installation Audit
II	Issuing and Posting Assignment Records
III	Assigning Audit to Field Auditor
IV	Recording Audits in Progress
V	Acknowledgment of Receipt of Assignment
VI	Transmittal of Report to Assistant Regional Head
VII	Review of Report by Assistant Regional Head
VIII	Records Receipt of Audit Report

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT AUDIT ASSIGNMENTS AND ASSIGNMENT RECORDSDIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
I	After a system has been organized and an office has been selected	Regional Head or Analyst	Assigns Installation Audit to the Assistant Regional Head by preparing form FI-172R in triplicate (filled in as to system, type of audit, authorization, instructions, etc.)
II	After Assignment is made to Assistant Regional Head	Secretary to the Regional Head	<ol style="list-style-type: none">1. Types form FI-172R in triplicate after which she obtains signature of Regional Head, and dispatches all three copies to the Assistant Regional Head;2. Prepares AUDIT ASSIGNMENT RECORD for the system, and inserts the type of audit to be performed, and the date on which the assignment is made to the Assistant Regional Head;3. Posts the system designation to the appropriate column on the AUDIT ASSIGNMENT INVENTORY CONTROL.
III	Upon receipt of Assignment Forms FI-172R from the Regional Head	Assistant Regional Head	Assigns the audit to the Field Auditor when his schedule will permit. This is accomplished by filling in name of auditor, instructions, date of assignment and signature on all copies of form 172R. The original should be forwarded to the Auditor; duplicate retained by Assistant Regional Head; and triplicate forwarded to the Regional Head.
IV	Upon receipt of the Assignment forms FI-172R from the Assistant Regional Head.	Secretary to the Regional Head	<ol style="list-style-type: none">1. Records on the AUDIT ASSIGNMENT RECORD the name of the Field Auditor and the date the assignment is made to him.2. Files the assignment form in a folder designated OUTSTANDING ASSIGNMENTS TO FIELD AUDITORS.
V	"	Field Auditor	<ol style="list-style-type: none">1. Acknowledges receipt of the assignment and advises the Assistant Regional Head by letter the approximate date he expects to commence the assignment;2. Retains the assignment form so that it may be used as a "time report" of the assignment, and filed near the front of the audit report.

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT AUDIT ASSIGNMENTS AND ASSIGNMENT RECORDSDIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VI	When the Work Schedule Will Permit	Field Auditor	Conducts audit assignment in accordance with instructions from the Regional Head and Assistant Regional Head; prepares report, and forwards it to the Assistant Regional Head upon completion.
VII	Upon receipt of the Audit report from the Field Auditor	Assistant Regional Head	<ol style="list-style-type: none">1. Reviews the report with regard to ascertaining compliance and adherence to instructions in assignment; accuracy and propriety of accounting techniques and principles; mathematical correctness, completeness, and general appearance of report and working papers.2. Prepares letter of transmittal to Regional Head indicating deviations from instructions or practices, exceptions or other comments. Copies of such letters may be sent to Field Auditor, if desirable.3. Forwards report to Regional Head with letter of transmittal. (If the report submitted by the Field Auditor contains substantial deviations from instructions and general practices and is, therefore, not acceptable, the Assistant Regional Head should return report to the Field Auditor with a letter covering the exceptions. After the necessary corrections are made by the Field Auditor, he should then return the report to the Assistant Regional Head for further examination).
VIII	Upon receipt of the audit report from the Assistant Regional Head	Secretary to the Regional Head	<ol style="list-style-type: none">1. Upon advice from the Analyst, sees that the report cover is properly labeled by (a) numbering the report; (b) makes 4x4 rubber stamp impression and inserts proper dates; (c) marks system number and type of audit on edge of cover sheet (if S.A. or C.D. the section should also be noted on the edge of cover).2. Posts AUDIT ASSIGNMENT RECORD with the date received in office; number of audit; dates "for the period"; and forwards the report to the Regional Head.

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PROCEDURE UNDER GENERAL ORDER NO. _____

AUDIT ASSIGNMENTS AND ASSIGNMENT RECORDS

SUBJECT _____

DIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VIII	Upon receipt of the audit report from the Assistant Regional Head	Secretary to the Regional Head	<ol style="list-style-type: none">3. Posts AUDIT ASSIGNMENT INVENTORY CONTROL in the appropriate column that the audit has been completed.4. Prepares AUDIT ASSIGNMENT FOLLOW-UP-FILE card and places in "follow-up-file" in a position two months from the "as of" date of the Installation Audit so that an Intermediate Audit may be conducted at approximately three months following the Installation Audit.5. Removes assignment form (172R triplicate) from OUTSTANDING ASSIGNMENTS TO FIELD AUDITORS file on completed assignment.

Although the above steps are stated in such a manner that it may be implied that they pertain only to Installation Audits, all steps which are applicable to the making of the assignments and the maintaining of records respecting such assignments, apply as well to other types of audits. (However, please refer to Audit Procedures in assigning various types of audits.)

STEPS IN
AUDIT REPORT REVIEW

<u>Step:</u>	<u>Description:</u>
I	General Examination by Regional Head
II	Review of Comments and Special Attention Items
III	Preparation of Excerpts and Copies of Reports to be sent to other Divisions and Borrower
IV	Review and Dispatch of Excerpts
V	Review and Dispatch of copies of reports to System President and Manager
VI	Recording of Completed Reviews
VII	General Review
VIII	Review and Preparation of Instructions to Field Staff
IX	Typing and Review of Instructions
X	Recording General Review Completed
XI	Reconciliation of Audit and Requisition and Expenditure Report

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT REVIEW AUDIT REPORTDIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
(This procedure follows from step VIII (2) of procedure No. 1, "Audit Assignments" and Assignments Records.)			
I	Upon receipt of the Audit Report from the secretary to the Regional Head	Regional Head	Generally examines the report for the purpose of determining general conformity with the assignment as originally given by the regional head, analyst, or field audit supervisor. Upon completion of this review forwards report to analyst with specific instructions (if any), in regard to special attention items.
II	Upon receipt of the Audit Report from the Regional Head	Analyst	<ol style="list-style-type: none">1. Commences the review of the audit report by reading the confidential comments and the report of system officials and personnel.2. Reviews audit comments and financial statements, verifying mathematical accuracy of figures in such comments and statements by using the working trial balance and other working papers, if necessary.3. Verifies mathematical accuracy of all computations in audit comments and statements.4. Studies audit comments thoroughly to ascertain what portions would be of value to other divisions of REA. (This applies as well to comments contained in confidential reports). Excerpts to be forwarded to other individuals should indicate the name or names of the individuals to whom the information is to be sent.5. Determines that copies of audit comments and statements are available for the system president and manager, and that they are in agreement with the corrected report. Specific instructions should be given to the secretary with respect to the preparation and forwarding of audit comments and statements to the system president and manager.

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT _____

DIVISION _____ DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
II	Upon receipt of the Audit Report from the Regional Head (Cont'd.)	Analyst	<p>6. Reviews or prepares letter of transmittal of copy of audit comments and statements to the president and manager. Letters should include recommendations based upon the audit which will improve the management records or other business affairs of the system.</p> <p>7. Indicates in the upper right-hand corner of the audit comments and statements, confidential comments, personnel report, forms, exhibits, and schedules, to whom or where they are to be sent. Comments, forms, schedules, etc., are generally forwarded as follows:</p> <p>(a) Form CO-23 - Original to the Chief of the Cooperative Operations Division</p> <p>(b) Form CO-6A - Original to the Rate Section</p> <p>(c) Form FI-173B - Original to Bank Folder</p> <p>(d) Form FI-173E - Original to Insurance Section of the Cooperative Operations Division</p> <p>(e) Original personnel report and confidential comments to project correspondence file</p> <p>(f) Copies of personnel report and confidential comments to Office of the Chief for transmittal to Office of the Administrator</p> <p>(g) Copies of personnel report and confidential comments to regional operations engineer.</p> <p>(h) Copies of audit comments and statements to president, manager, and the regional operations engineer.</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT _____

DIVISION _____ DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
II	Upon receipt of the Audit Report from the Regional Head (Cont'd.)	Analyst	<p>(i) Copies of audit comments and statements, personnel report and confidential comments to the field audit supervisor (unless these were removed by him prior to forwarding the report to the regional head.)</p> <p>8. Prepares statements to be placed in front of audit report which indicate the disposition of the audit report forms, audit comments and statements, personnel report, confidential comments, and exhibits or schedule, forwarded to various sections or individuals; notes the scope of the audit review, including any notes or exceptions with respect to the adherence to instructions in the audit assignment, application of auditing principals, preparation of the report, etc.</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Audit Report ReviewDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III		Clerk-Steno CAF-3	<ol style="list-style-type: none">1. Type Analyst 's review statement and place in front of report after it has been signed2. Type excerpts from report comments (original and one copy)3. File or forward forms and copies as indicated in upper right-hand corner of each4. Prepare copies of report for system President and Manager<ol style="list-style-type: none">a. Bind reportsb. Attach letter5. Return Audit Report with completed excerpt memoranda and copies of report to system, to Analyst
IV	On completing typing of memoranda, letters and finding of system reports	Analyst CAF-9 Secretary CAF-4 Regional Head Secretary CAF-4	<ol style="list-style-type: none">1. Review memoranda on special attention items and if approved, refer to Secretary2. Check copies and prepare for signature of Regional Head3. Review, sign and return to Secretary4. Forward originals, file copies
V	After transmittal of special attention data.	Analyst CAF-9 Secretary CAF-4 Regional Head Secretary CAF-4	<ol style="list-style-type: none">1. Review audit report transmittal letters to system and if approved, refer to Secretary2. Arrange copies for signature of Regional Head3. Review and sign letter to system (original and copy)4. Dispatches to system president and manager
VI	After completion of Special Attention Review, and all letters and memoranda pertaining thereto	Analyst CAF-9 Secretary CAF-4	Initials and enters date on which review is completed on cover of audit opposite "Review for Comments" and forwards report to Secretary to Regional Head; Records review on AUDIT ASSIGNMENT AND REVIEW RECORD and audit review production record, returns report to Analyst for General Review

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Audit Report ReviewDIVISION Finance

DATE _____

SECTION _____

POSITION _____

STEP NO.	SEQUENCE	BY	PROCEDURE
	WHEN		
VII	After Secretary returns report to Analyst	Analyst CAF-9	<ol style="list-style-type: none"> 1. Analyze auditor's adjusting journal entries to determine correctness of accounting theory and conformity with Uniform System of Accounts <ol style="list-style-type: none"> a. Check journal entries to determine adequacy of explanation 2. Verify exhibits and schedules submitted with auditor's index 3. Check the form and accuracy of Working Trial Balance thoroughly. Verify additions horizontally and vertically 4. Check journal entries into the adjustment column of the Working Trial Balance 5. Check thoroughly the accuracy of all cash reconciliations <ol style="list-style-type: none"> a. Check beginning cash balance with cash balance of previous audit b. Check receipts and disbursements with receipts and disbursements analysis schedules (All Cash Accounts) c. Check balance current audit with working trial balance d. Verify deposit in transit and outstanding check amounts with any supporting data e. Verify depository balance with depository confirmation 6. Check all supporting schedules against working trial balance <ol style="list-style-type: none"> a. Obligation amounts, prepaid amounts, accrued amounts, etc. b. Check for omission of any pertinent schedules 7. Spot check all schedules for accuracy, usefulness and form 8. Note on Analyst's Review Statement (Item 7 under Special Attention Review) any additional exceptions due to mathematical errors, omissions or deviations from uniformity 9. Check adequacy of Insurance as prescribed by Cooperatives' Operations Division
		Analyst CAF-9	

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Audit Report ReviewDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VII	After Secretary returns report to Analyst (Cont'd)		<div>10. Check adequacy of property tax accruals with history of previous assessments</div> <div>11. When necessary, prepare consolidated statements of financial condition from audit reports for submission to State Commission for their use in valuation studies in connection with protests of tax assessments</div> <div>12. When necessary, prepare comparative operating statements for use of Regional Head and/or Divisional Chief for use in studies and guidance in management problems</div> <div>13. Check report as a whole for form and presentation</div>
VIII	On Completion of General Audit Review	Analyst CAF-9	1. Refer Analysts' Review Statements to Regional Head
		Regional Head	2. Review exceptions, omissions and deviations from uniform procedures and confer with Analyst on letter of instruction to Assistant Regional Head
		Analyst CAF-9	<div>3. When exceptions are taken that indicate the auditor is not handling items according to good accounting practice or is not following policies or procedures established by REA, prepare a letter in duplicate directed to the Assistant Regional Head calling attention to the exceptions taken and suggesting the methods of correction</div> <div>a. A letter should also be written where the auditor's report indicates that he is careless and/or not checking his report before submitting it to REA</div> <div>b. A letter should also be prepared when it appears that the auditor is going into items not within his jurisdiction. He should be cautioned in instances of this nature</div> <div>(This is not intended to preclude Regional Heads from writing direct to Field Auditors if the necessity arises or if the desirability appears.)</div>

PROCEDURE UNDER GENERAL ORDER NO. _____
Audit Report Review

SUBJECT _____

DIVISION Finance DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
IX	When suggestions or instructions to audit staff have been formulated and dictated.	Clerk-Steno CAF-3	1. Type letter and refer to Analyst
		Analyst CAF-9	2. Review and approve letter and refer to Secretary
		Secretary CAF-4	3. Prepare letter and copy for signature of Regional Head
		Regional Head	4. Review and sign letter and return them to Secretary
		Secretary CAF-4	5. Dispatch letter and copy to Assistant Regional Head a. File copies
X	When instructions to audit staff have been completed and dispatched	Analyst CAF-9	1. Initial and date cover of report in stamp block opposite "General Review" and refer to Regional Head
		Regional Head	2. Initial and date cover of report in stamp block opposite "Approved by" and refer to Secretary
		Secretary CAF-4	3. Records General Review on Audit Assignment and Review Record, and Production Inventory Record; Files report (CD's and SA's to CAF-7)
XI	On completion of Audit Review	Adm. Asst. CAF-7 and Clerk CAF-4	1. Conform requisition FI-121A with verified Exhibit F and its supporting schedules of the audit report 2. Conform Expenditure Report FI-121B with verified Exhibit H and its supporting schedules of the audit report The procedure in 1 and 2 above applies particularly in those instances when debit and credit reports were not prepared as a part of the completed audit.

STEPS IN
ESTABLISHING AND ADJUSTING BUDGET

<u>Number</u>	<u>Description</u>
I	Record Master Budget of Allotment
II	Establishing Allotment Available
III	Adjustments to Budget
IV	Inventories
V	Closing
VI	Stop Orders

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Establishing Budget and Budget AdjustmentsDIVISION Finance

DATE _____

SECTION _____

POSITION _____

STEP NO.	SEQUENCE	BY	PROCEDURE
	WHEN		
I	On receipt of a memorandum from the Office of the Solicitor stating that a Loan Contract, Amending Loan Contract or a Consolidated Loan Contract has been executed and signed by both Administrator and Borrower which provides for a loan of a specified sum	Adm. Asst. CAF-7	Records the total amount of the loan (in pencil) under purpose 13, "Notes to be Executed" and files the memorandum in the budget folder.
II	On receipt of a memorandum from the Office of the Solicitor stating that a Note has been executed and that funds may be advanced	Adm. Asst. CAF-7	<ol style="list-style-type: none"> Records the amounts from "Notes to be Executed" in the Master Budget by purposes on Form FI-158R, Budget Control <ol style="list-style-type: none"> Set up reserves for the following items in pencil in column 7 of the form: <ol style="list-style-type: none"> Contractor Meters Legal Fees Engineering Final Inspection Office Equipment Transportation Equipment Tools and Work Equipment Service Entrances Any other items subject to contract All other items are entered in <u>ink</u> in column 2 (original) All items entered in <u>pencil</u> in column 8 (Approved) Total column 8 and subtract this amount from Total Allotment. Enter the difference in Contingency (column 8) Total column 7 and subtract this amount from Contingency (column 8). Enter this amount in column 7, Unencumbered Contingency

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Establishing Budget and Budget AdjustmentsDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	When requested by system or REA Division, Budgets are adjusted	Adm. Asst. CAF-7	<ol style="list-style-type: none"> 1. General Instructions <ol style="list-style-type: none"> a. Entries are made in exact amount for each change. b. Entries in all columns <u>except the last two</u> are made in ink (exceptions to this are listed below). The last two columns, "Reserves" and "Approved", are in pencil as they are subject to constant change. c. After each change, run a tape for accuracy and change of contingency. d. All transfers from contingency and from one item to another (except from Preallotment to After Allotment or vice versa, from Material to Transformers, from Material to Labor or vice versa, and to Construction and Engineering contracts on Extensions) must be first approved on a 4-way memo. (See 9 - Approvals, a-14, for instructions on 4-way memo.) 2. Contracts <ol style="list-style-type: none"> a. Upon receipt of an approved contract, the amount is entered in ink in column 2, noting the <u>Section</u>. b. If the estimated amount is <u>greater</u>, the difference is held in reserve for amendments; if less, sufficient funds are transferred by 4-way memo. c. Record of contracts is made on Form FI-158A on left of folder. 3. Amendments <ol style="list-style-type: none"> a. As amendments to contracts are approved, the amounts are entered in ink in succeeding columns (adjustments) and included in the total of column 8. If there is a reserve, the amount is taken from that; if not, transfer by 4-way memo. (If <u>part</u> of funds in reserve, transfer only amount needed for total). b. Records of amendments are entered on Form FI-158A on left of folder.

PROCEDURE UNDER GENERAL ORDER NO. _____
 Establishing Budget and Budget Adjustments

SUBJECT _____

DIVISION Finance DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	(Cont'd.)	Adm. Asst. CAF-7	<p>4. Legal Fees</p> <p>a. When notified of approved fees by the Office of the Solicitor, transfer from Reserve, noting section to which fee applies. When reserve is exhausted, transfer is made on 4-way memo.</p> <p>5. General Plant Procurement Orders</p> <p>a. When Plant Procurement Orders are received from Operations, the amounts are set up in <u>pencil</u> under 13a-b-c. All three copies of the orders are initialed and stamped "Approved" and returned to Operations.</p> <p>b. One copy is returned by Operations. The amount is checked to see that there is no change, set up in ink, taken from Reserve and carried to total in column 8.</p> <p>c. The Plant Order is filed in the Budget file until advance of funds is made.</p> <p>d. When Reserve is exhausted, funds are transferred by 4-way memo.</p> <p>6. Group Purchase Orders</p> <p>a. Group Purchase Orders for Meters are approved from Reserve and set up in pencil. All three copies are returned to Equipment Service Section stamped "Approved" and initialed. When one copy is returned, it is checked for any change in amount, set up <u>in ink</u> and included in total. The order is filed on left side of folder.</p> <p>b. Group Purchase Orders for <u>Transformers</u>. These are handled as above. If there are insufficient funds in Material, transfer from funds available on 4-way memo.</p> <p>c. Group Purchase Orders for oil reclosers. Handled as above except funds are transferred from contingency.</p>

PROCEDURE UNDER GENERAL ORDER NO. _____
 Establishing Budget and Budget Adjustments

SUBJECT _____

DIVISION Finance DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	(Cont'd.)	Adm. Asst. CAF-7	<p>7. Agreements</p> <p>a. Power and phone agreements are established in amount of approved agreement.</p> <p>8. Computations</p> <p>a. Meters are computed at \$15 times the allotment members. When requests exceed this, get Operations approval.</p> <p>b. Meter Installation is computed at \$1 per allotment member.</p> <p>c. Final Inspection is calculated not to exceed \$3 per mile.</p> <p>d. Service Entrances are calculated at \$10 per allotment member.</p> <p>e. Directors' fees, the average is \$40.50 per meeting (at 9 directors), average number of meetings 13.</p> <p>f. Trustee Fees are calculated as a minimum fee of \$75, or 1/40 of one percent of allotment on original allotments, 1/40 of one percent on additional allotments, generally. However, some states will vary and should be governed by the provision in the Loan Contracts for such state.</p> <p>g. Pole Marking is calculated at \$2.50 per mile.</p> <p>h. Material and Labor. Operations sets up amount of Normal Inventory.</p> <p>9. Approvals</p> <p>a. As stated in 5-d, certain approvals for transfers must be made on 4-way memos. Other increases must be previously approved as follows:</p> <p>1. Preallotment by Applications and Loans.</p> <p>2. After Allotment by Legal.</p> <p>3. Sites (titles) by Legal.</p> <p>4. Building Constructed, by Design and Construction and Applications and Loans.</p> <p>5. Buildings Repaired, by Operations.</p> <p>6. General Overhead, Operations.</p> <p>7. State Tax, Legal.</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

Establishing Budget and Budget Adjustments

SUBJECT _____

DIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	(Cont'd.)	Adm. Asst. CAF-7	9. Approvals (cont'd.) 8. Legal Fees and Expense, Legal. 9. Final Inspection, Tree Clearing. Engineering and Construction Force Account, Design and Construction. 10. Service Entrances, Applications and Loans. 11. Material and Labor, Operations and Applications and Loans. 12. Insurance, Insurance Section. 13. Reclosers, not on Group Purchase Orders, Operations. 14. Four-way memos - when transfers are made from one budget item to another (exceptions noted in 1-d) 4-way memos are prepared so that Chiefs of the four line Divisions may approve the changes.
IV	On receipt of Inventory from Design and Construction Division	Adm. Asst. CAF-7	1. Contractor. Upon preparation of Final Inventory letter, the budget is adjusted to the final amount. If less, check with Design and Construction to see if further funds will be needed. If so, hold difference in Reserve for future use; if not, wash down to Contingency (a wash-up amendment should follow a Final Inventory). If more funds are needed, a transfer by 4-way memo should be made from funds available. 2. Force Account Material. The budget is adjusted to the final amount in the same manner as above. 3. Engineering Fees. When the final statement of fees is approved and received, the budget is adjusted to final amount, increasing or decreasing as above. 4. Service Entrance Inventories. Upon receipt of the final figure, adjustments are made as above. 5. Headquarters Building. Adjusted to final inventory as above.

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Establishing Budget and Budget AdjustmentsDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
V	Closing	Adm. Asst. CAF-7 Clerk-Steno CAF-3	1. Prepares letter of explanation on all adjustments made in the budget. 2. Types letter of adjustments.
VI	Stop Orders	Adm. Asst. CAF-7	1. Make periodic checks on Stop Orders. 2. When a Stop Order is received, place funds under stop order <u>immediately</u> . 3. When releases are received, note those also <u>immediately</u> . 4. If the Stop Order is for amount greater than shown in budget, check immediately with Division placing Stop Order.

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STEPS IN
FINANCIAL REQUIREMENT STATEMENT REVIEW
Form FI-121A

<u>Number</u>	<u>Description</u>
I	Recording; Signatures; Seal
II	Verification of Previous Advances and Balances Available
III	Making Advances
IV	Closing
V	Bank Approval
VI	Review
VII	Typing
VIII	Final Review and Signature
IX	Correspondence Review
X	Final Disposal

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Financial Requirement Statement and Voucher
Forms FI-121A and FI-40ADIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
I	When received in Region from the Office of the Chief	Adm. Asst. CAF-7	1. Verifies signatures and seals on voucher and requisition forms, and checks name of bank against approved depository folder. Any differences in these matters requires correction by the system.
		Clerk-Acctg. CAF-4	2. Records on Form FI-199 as to number, date received and amount requested.
II	On verification of signatures, seals, and bank amount	Adm. Asst. CAF-7	1. Check column 2 against master budget and make necessary adjustments.
		Clerk-Acctg. CAF-4	2. Check total and purposes, column 4, with previous report, columns 4 and 7. 3. Verify column 5 and adjust to correct balance available. 4. Make adding machine tapes of columns 2, 4 and 5 and attach to #2 copy. 5. Balance columns 2, 4 and 5 vertically and horizontally.
III	After verification of advances and balance available	Clerk-Acctg. CAF-4	1. General instructions a. Make no advances on new sections until notes have been executed and approved by REA. b. Make no advances in excess of budget balance available in column 5. c. Where legal clearance is received on a partial allotment and balance is under stop order, be sure legal clearance is secured for additional releases. 2. Routine advances Advances are approved for the following purposes up to amount available, column 5, without any further supporting documents or information. 1 Force Account Construction 2 Meters 3 Meter Installation 6 Legal Expense 7 Force Account Engineering 8 Final Inspection 9a Preallotment Expense 9b After Allotment Expense 10a Superintendent's Salary 10b Other Salaries

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Financial Requirement Statement and VoucherForms FI-121A and FI-40ADIVISION Finance DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	(Cont'd.)	Clerk CAF-4	<p>10c Office Expense</p> <p>11 Directors' Fees</p> <p>12 Insurance</p> <p>13 Transformers</p> <p>13 Oil Circuit Breakers</p> <p>3. Conditional Advances</p> <p>Advances are approved for the following purposes under condition as noted</p> <p>Item 1 - Construction Contracts</p> <p style="padding-left: 40px;">A - 90% advance is allowed on approved contract amounts plus 90% of change order or amendments</p> <p style="padding-left: 40px;">10% withheld until final documents are approved (See final advances)</p> <p>Item 4 - Pole Inspection</p> <p style="padding-left: 40px;">Advances are allowed to full amount of contract</p> <p>Item 5 - Legal fees</p> <p style="padding-left: 40px;">All advances must be approved or disapproved by the Office of the Solicitor by memorandum</p> <p>Item 7 - Engineering Contract</p> <p style="padding-left: 40px;">Advances are approved, after approved contract is received, 100% of Plans and Specifications, 90% of Staking and Supervision - 10% to be withheld until final documents are approved</p> <p style="padding-left: 80px;">(See Final Advances)</p> <p>Item 10d - Miscellaneous Expense</p> <p style="padding-left: 40px;">A detailed statement of disbursements to be made must be submitted before an advance may be approved</p> <p>Item 13a - Office Furniture and Fixtures</p> <p style="padding-left: 40px;">13b - Transportation Equipment</p> <p style="padding-left: 40px;">13c - Tools and Work Equipment</p> <p style="padding-left: 40px;">Advances are approved only when supported by approved General Plant Procurement Orders. When advance is approved, Plant Order is so stamped and returned to Cooperatives' Operations Division; letter is stamped and returned to our file</p> <p>Item 13 - Substation Site</p> <p style="padding-left: 40px;">Approval must be secured from Office of Solicitor before approval can be made</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Financial Requirement Statement and Voucher
Forms FI-121A and FI-40A

DIVISION Finance DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
			<p>Item 13 - Utilization Advances are approved if within the budget balance. If request appears excessive, approval should be secured from Operations Engineer</p> <p>Item 13 - Service Entrance Contracts 90% of contract and amendments may be allowed after ownership certificates have been submitted. See "Final Advances" for 10% withheld</p> <p>Item 13 - Office Building 90% of contract may be advanced; for final 10% see "Final Advances"</p> <p>Item 14 - Material</p> <p>Item 15 - Labor and Other Advances are approved against approved Normal Inventory or approved final work orders.</p> <p>Item 16 - Contingency No advances are to be approved against this item</p> <p>4. Final Advances - Contracts, etc. a. Construction Contracts Final 10% is advanced only after the following documents have been submitted and approved</p> <ol style="list-style-type: none"> 1. Final Inventory 2. Engineering Certificate of Completion 3. Inspection Certificate 4. Audit Report 5. Engineer's Report 6. Contractor's affidavit and release of liens <p>9% of the above 10% may be advanced when all above papers have been approved with the exception of the Audit by approval of the Region Head of the D & C Division</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Financial Requirement Statement and Voucher
Forms FI-121A and FI-40A

DIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	(Cont.)	Clerk CAF-4	<p>b. Engineer's Contract Final 10% is advanced when final approved statement of fees is submitted. No audit report is necessary, but desirable.</p> <p>c. Service Entrance Contracts Final 10% is advanced when the following documents have been received and approved:</p> <ol style="list-style-type: none">1. Certificate of Approval2. Final Inventory3. Certificate of Inspection4. Approval of Applications and Loans Division <p>d. Office Building Final 10% is advanced when the following documents have been received and approved:</p> <ol style="list-style-type: none">1. Final Inventory2. Architect's certificate of completion3. Contractor's affidavit and releases of lien4. No audit necessary, but desirable
IV	After approvals by purposes	Clerk CAF-4	<ol style="list-style-type: none">1. Enter all approved advances in column 7 and total2. Make tape of column 7 after all requests have been approved or disapproved3. Conform all three copies4. Fill out attached blue slip, sign and date5. Fill out pink slip attached (Statistics)6. Write letter of approval or adjustments and reason for same, in detail7. Initial #1 and #2 copies8. Record on FI-199 - date approved and amount
V	Bank approval	Analyst CAF-9	<ol style="list-style-type: none">1. If advance is more than \$40,000, attach a slip to the requisition showing<ol style="list-style-type: none">a. Ratio of Conditionb. Percentage of Liquidity

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Financial Requirement Statement and Voucher
Forms FI-121A and FI-40ADIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VII	On completion of all verifications	Adm. Asst. CAF-7	1. Completely review all operations a. Verify tapes of columns 2, 4, 5 and 7 b. Verify all advances as to balance available, and conformance to limitations. c. Edit letter of adjustments
VIII	After Administrative	Clerk-Steno CAF-3	1. Type from pencil copy, Adjustment Report. 2. Type in amount approved on voucher. 3. Place date and signature stamp on voucher. 4. Assemble in proper order.
VIII	After typing adjustment reports and explanation	Regional Head CAF-12	1. Review letter for completeness of explanation. 2. Review advance approved. 3. Sign letter and fill in voucher stamps.
IX	After signature of Regional Head	Office of Chief	1. Review letter for completeness and procedure
X	After Divisional review	Secretary CAF-4	1. Distribute to proper sections. a. #1 copy to Region file. (System) b. #2 copy to Region file. (Auditor) c. #3 copy to Mail Room. d. Voucher to Office of Chief of Division.

STEPS IN
EXPENDITURE REPORT REVIEW
Form FI-121B

<u>Number</u>	<u>Description</u>
I	Recording
II	Verification of Signature
III	Verification of Accuracy of Report
IV	Verification of Receipts and Dis- bursements
V	Completion Page 1
VI	Closing
VII	Review
VIII	Typing
IX	Final Review
X	Correspondence Review
XI	Final Disposal

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Expenditure Report - Form FI-121BDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
I	On receipt of forms from Office of Chief	Clerk-Steno. CAF-3	1. Record on Form FI-199, date received, amount submitted and office number
II	Completion of Inventory Records	Adm. Asst. CAF-7	1. Verify that proper officers have signed the form
III	After signature verification	Clerk CAF-4	1. Check items by purpose, column 2 with column 4, plus column 2 of previous report 2. Check column 3 against column 5 of last expenditure report, plus column 7 of subsequent financial requirement statement
IV	Verification of accuracy of statement	Clerk CAF-4	1. Examine receipts for completeness of items purchased if materials or equipment; if labor, check for conformance to FI-120 as to all information required. Check for proper acknowledgment of receipt of payment 2. Check receipts against column 5, page 2, for proper purpose; check receipt number and amount submitted 3. If receipt is disallowed, transfer the amount to column 6 4. Total receipts submitted column 5 by purpose, and check the total against such purpose in column 4, page 1
V	After verification of receipt distribution	Clerk CAF-4	1. Total column 4 and correct balance in column 5 by subtracting column 4 from column 3 2. Enter in column 6 all accounts of receipts disallowed 3. Balance report by checking columns 2 and 3 against columns 4 and 7 of previous financial requirement statement 4. Check column 7 by subtracting column 6 from column 5 5. Verify check book balance with column 7 and balance in Account 120.2 of Operating Report

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Expenditure Report - Form FI-121BDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VI	After completion and conformation of all copies	Clerk CAF-4	<ol style="list-style-type: none">1. Staple all approved receipts to #1 copy2. Staple all disallowed receipts to #3 copy3. Write letter explaining in detail all disapprovals, listing check number, receipt number and amount4. Initial #1 and #2 copies5. Attach tapes of all columns to #2 copy
VII	On completion of letter of exception	Adm. Asst. CAF-7 and Analyst CAF-9	<ol style="list-style-type: none">1. Check receipts as to conformance with procedure2. Edit letter3. Examine receipts returned and disallowed4. Initial #1 and #2 copies
VIII	On completion of Review	Clerk-Steno CAF-3	<ol style="list-style-type: none">1. Type letter of adjustment from pencil copy2. Attach original of letter to #3 copy3. Attach copy of letter to #1 copy4. Attach copy of letter to #2 copy
IX	After letter of exception has been typed and report assembled	Regional Head CAF-12	<ol style="list-style-type: none">1. Briefly review receipts, letter and returned receipts2. Sign letter and initial all copies of report.
X	After signature of Regional Head	Office of Chief	<ol style="list-style-type: none">1. Review for conformance to procedure and proper English and expression in letter
XI	After Divisional review	Secretary CAF-4	<ol style="list-style-type: none">1. Send #1 copy and #2 copy to regional file2. Send #3 copy to mail room for mailing to system

STEPS IN
ENGINEERING FEE CLOSEOUTS

<u>Number</u>	<u>Description</u>
I	When Final Statement of Fees is Received
II	After Recording
III	After Verification
IV	After Final Advance of Funds
V	Closeout

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Engineering Fee CloseoutsDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
I	When final statement of fees is received from Design and Construction Division	Clerk CAF-3	Record date received, also section and system.
II	After recording	Adm. Asst. CAF-7	<ol style="list-style-type: none">1. Secure contract from Design and Construction file and verify statement of fees as to compliance with contract.2. Write letter of approval to system, copy to engineer, enclosing form of final receipt for signature.
III	After verification and preparation of letter	Clerk-Steno CAF-3	Types letter regarding submission of requisition for final funds due.
IV	After final advance of funds	Clerk CAF-3	Follow up every 20 days for submission of final receipt, Form EO-43.
V	Close-out	Clerk CAF-3	After final receipt is received, send to Office of the Chief. When returned, record its receipt on Region records and file in Project permanent file.

STEPS IN
PROCESSING INVENTORIES

<u>Number</u>	<u>Description</u>
I	When Approved Inventory is Received from Design and Construction Division
II	After Recording
III	After Verification
IV	After Approval
V	After Final Recording
VI	After Final Advance Approval
VII	After Final Receipt Received (Closeout)

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT InventoriesDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
I	When approved Inventory is received from Design and Construction Division	Clerk CAF-3	<ol style="list-style-type: none">1. Record inventory as to date received, system designation, section, type of inventory and amount2. Examine documents for completeness as follows:<ol style="list-style-type: none">a. Releases of liens, if necessaryb. Affidavit of contractorc. Inspection certificated. Certificate of completione. Approval signatures of Design and Construction Division, system, engineer and contractorf. Affidavit of contractor only for Labor Only contract. SA audit not necessary, but desirable. Inventory must contain the following schedules:<ol style="list-style-type: none">1. Nut and bolt inventory of material used2. Labor by units3. Statement of other system costs4. Assembly inventory of all units5. Installed and complete installed costg. Force account inventory must contain the following:<ol style="list-style-type: none">1. Nut and bolt inventory of material installed2. Statement of loss and breakage3. Statement of Labor charges4. Statement of miscellaneous costs5. Assembly inventory with complete installed costSA Audit not necessaryh. Service Entrance inventory (if done by contract) should contain the following:<ol style="list-style-type: none">1. Name of consumer2. Type of entrance3. Contract price4. Cost of additional cable and length5. Total installed costsSA Audit not necessary but desirable

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT InventoriesDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
I	(Cont'd.)	Clerk CAF-3	i. Cost plus Inventory should contain the following: 1. Complete assembly inventory 2. Statement of reimbursible items, <u>detailed</u> SA Audit <u>is</u> necessary
II	After recording	Clerk CAF-3	1. Material and Labor Inventories: a. Secure contract and verify all units and prices on inventory. Verify all extensions and totals. Total amount of inventory must agree with combined total of all amendments and contract. If not, return to Design and Construction Division for correction. b. Labor Only contract: verify extensions and totals. In event errors are found, advise Design and Construction Division for correction. 2. Force Account Inventory: a. Verify all extensions and totals and verify all unit prices in that they include all costs. No SA Audit required. No releases of lien and no affidavit required 3. Service Entrance Inventory: a. Secure contract from Design and Construction Division and verify all ownership agreements with inventory. Verify all type entrance prices and extra cable prices with contract. Verify extensions and totals. Advise Applications and Loans Division of any discrepancies 4. Cost-Plus Inventory: a. Verify all reimbursible items as to actual payment by contractor. Verify extensions and totals. Notify Design and Construction Division of any discrepancies. SA Audit required.
III	After verification	Clerk CAF-3	1. Write letter of approval to system, copy

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PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT InventoriesDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
III	(Cont'd.)	Clerk CAF-3	for contractor and engineer, advising them to request necessary final amounts due, provided all documents are in file. If not, advise to request funds when such documents are submitted. Enclose form of final receipt for contractor to sign.
		Clerk-Steno CAF-3	2. Type letter of approval
IV	After approval	Clerk CAF-3	1. Record approved amount on records and the date approved.
V	After final re- cording	Clerk-Steno CAF-3	1. Follow up for submission of requisition for final payment
VI	After final advance approval	Clerk-Steno CAF-3	1. Follow up for submission of final receipt
VII	After final receipt received. Close-out	Clerk CAF-3	1. Upon receipt of final receipt, send to Mr. Gilleland's office for recording. When returned, record on Region records as to date received and amount shown, which must agree with Final Inventory amount. 2. File receipt in proper file.

PROCEDURE ON APPROVAL OR DISAPPROVAL OF DEPOSITORIES

- I - Original request for Statement of Condition
- II - Preparing records and checking references
- III - Entering financial data on Form FI-61R1
- IV - Recommending approval or disapproval of bank
- V - Requesting reports for subsequent examinations
- VI - Posts financial data upon receipt of call reports
- VII - Reviews subsequent examinations to determine stability
- VIII - Approving vouchers FI-40 accompanying requests for funds

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT PROCEDURE ON APPROVAL OR DISAPPROVAL OF DEPOSITORYIESDIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
<u>APPROVAL OF NEW DEPOSITORIES</u>			
I	Upon receipt of notification by the System that a depository has been selected	Analyst CAF-9	Prepares letter to the System Manager requesting copy of the proposed depository's latest published call report. A newspaper clipping will suffice. (The Regional Head or Analyst should also examine minutes of board meetings to detect the names of banks selected to act as depositories on which systems have not requested approval of REA).
II	After Statement of Condition is requested from the System	Assistant Clerk-Steno CAF-3	Prepares bank folder. Completes form FI-58R, Examination of Bank Depositories, and attaches to left inside cover of the folder.
		Clerk-Accounting CAF-3	1. Prepares form FI-61R1, Financial Examination of Depository Banks; makes preliminary investigation of depository by using figures stated in Rand McNally Manual; indicates FDIC and/or FRS membership on upper left-hand corner of form after determining status from Rand McNally Manual and FDIC Membership Book; indicates also if bank is a U. S. Depository. 2. After transferring financial data from Rand McNally Manual to first column on form FI-61R1, computes percentage of liquidity (divide the amount of total cash and government bonds by the total amount of the deposits) and enters such percentage on line designated "Ratio--Cash and U. S. Securities to Deposits". Determines Capital Ratio (divide total deposits by total Invested Capital) and enter results on line designated "Ratio--Deposits to Capital".
III	Upon receipt of the Statement of Condition from System Manager	Clerk-Accounting CAF-3	Enters financial data in next column on form FI-61R1 and computes percentage of liquidity and Capital Ratio as outlined in Step II(3) above.

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PROCEDURE UNDER GENERAL ORDER NO. _____
 PROCEDURE ON APPROVAL OR DISAPPROVAL OF DEPOSITORIES

SUBJECT _____

DIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

STEP NO.	SEQUENCE	BY	PROCEDURE
	WHEN		
			<u>I N S T R U C T I O N S</u>
IV	After information has been entered on form FI-61R1 and computations have been made	Analyst CAF-9	<p>Review computations on form FI-61R1 for the purpose of determining the desirability of permitting the bank to become an approved depository for the REA system from a viewpoint of stable financial condition. Recommends approval or disapproval of depository to the Regional Head.</p> <p>Note: The two prime factors in appraising the financial status of depositories are:</p> <p>(1) PERCENTAGE OF CASH ON HAND AND GOVERNMENT BONDS TO DEPOSITS</p> <p>The cash on hand and government bonds should amount to 25% of the total deposits. Specific attention should be directed to the Regional Head if the percentage is below this amount.</p> <p>(2) RATIO OF CAPITAL TO DEPOSITS</p> <p>The ratio of capital to deposits should be approximately ten to one under normal conditions.</p>
		Assistant Clerk-Steno CAF-3	<p>If approval is recommended, prepares form FI-130R, Letter of Approval, for signature of the Chief of the Division, and after such signature has been obtained, dispatches (a) original to the system, (b) copy to the Bank, (c) copy to the Regional Bank Folder and (d) copy to Documentary Files.</p>
		Regional Head or Analyst	<p>Prepares 3x5 card for each System. Posts name and address of Depository, date investigation was commenced; date depository was approved, etc., (two or more depositories may be recorded on one card).</p> <p>If disapproval is recommended, prepares memorandum to the Chief of the Division indicating reasons why the depository in question should not be approved. Ultimate disposition of the matter rests with the Chief of the Division.</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT PROCEDURE ON APPROVAL OR DISAPPROVAL OF DEPOSITORIESDIVISION FINANCE DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
			<p>Banks may be disapproved as depositories for REA Systems for the following reasons:</p> <ul style="list-style-type: none">(a) Non-member of the Federal Deposit Insurance Corporation;(b) Weak Financial position;(c) Any other reason which constitutes sufficient justification for disqualifying a bank from becoming a depository for an REA system's funds. <p><u>SUBSEQUENT EXAMINATIONS</u></p>
V	At intervals of three months beginning first quarter after depository has been approved by REA	Analyst CAF-9	<p>Requests System Manager to obtain copies of published call reports of all depositories with which the system is doing business. These should be requested regularly around March 31st, June 30th, September 30th and December 31st, unless requests are suspended upon orders from the Office of the Chief.</p> <p>National Banks are legally required to submit reports of Financial Condition to the Comptroller of the Currency on June 30th and December 31st, and are also required to submit reports as of March 31st and September 30th if so requested.</p> <p>State Banks which report to no other organization than the Federal Deposit Insurance Corporation and their State Banking Department ordinarily report on June 30th and December 31st, to the FDIC. Call reports may be requested quarterly, however.</p>
VI	Upon receipt of published Call Reports from the System Manager	Clerk- Accounting CAF-3	<p>Removes bank folder and refers to form FI-61R1 applicable to Depository on which published Call Report has been received. Posts the financial data in next unused column and computes Percentage of Liquidity and Capital Ratio as described in Step II(3).</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT PROCEDURE ON APPROVAL OR DISAPPROVAL OF DEPOSITORIESDIVISION FINANCE

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VII	After data has been posted on Form FI-61R1 and computations made	Analyst CAF-9	Reviews computations on form FI-61R1 and determines whether or not depository should be disapproved because of unstable financial condition. Disapprovals should be handled as set forth under Step IV.
VIII	Approving vouchers FI-40 accompanying requisitions for Loan Funds	Analyst CAF-9	<ol style="list-style-type: none"> 1. Check voucher - form FI-40 for approved bank. 2. Check adequacy of cash on hand with advance requested. (Cash on hand should be approximately four times the amount of the advance.) 3. Enter date and amount of advance on form FI-61R1, in right-hand column provided. 4. Should advance amount to \$40,000 or more a statement should be attached to the voucher showing: <ol style="list-style-type: none"> A. Total amount of Cash and Government Bonds. B. Ratio of Capital to Deposits. C. Percentage of Liquidity.

STEPS IN
LOAN ACCOUNTS WORK

<u>Number</u>	<u>Description</u>
I	New Construction Loans
II	New Installation Loans
III	Accumulated Interest Statements
IV	Cash Statements (Construction)
V	Cash Statements (Installation)
VI	Application of Payments (Construction)
VII	Application of Payments (Installation)
VIII	Additional Interest (Construction and Wiring)
IX	Paid-in-Full Notes (Installation)
X	Paid-in-Full Notes (Construction)
XI	Reconciliation of Receipts and Advances (Wiring)
XII	Report Records
XIII	Debt Service

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Loan Accounts WorkDIVISION Finance

DATE _____

SECTION _____

POSITION _____

STEP NO.	SEQUENCE	BY	PROCEDURE
	WHEN		
I	On receipt of Construction Ledger Sheet for new construction loan	Clerk CAF-4	<ol style="list-style-type: none"> 1. Verify ledger sheet against note for the following: <ol style="list-style-type: none"> a. Designation b. Amount of note c. Date of note d. Interest rate e. Date "First Payment Due" f. "Basis Date" g. Rates and periods of amortization 2. Initial Ledger Sheet, tissue copy and note in upper right hand corners. 3. Send tissue copy to Operations Division; note and ledger sheet to Office of Chief.
II	On receipt of requisition for Installation Loan	Clerk CAF-4	<ol style="list-style-type: none"> 1. Assemble <ol style="list-style-type: none"> a. Voucher (duplicate, original, duplicate) b. Installation Note (original, duplicate) c. Statement of Purpose (original, duplicate) d. Wiring, Plumbing and Conditional Sale Contract 2. Have Voucher numbered by Office of Chief. 3. Have Recording Section enter on Card Index (back). <ol style="list-style-type: none"> a. If no card index, write to system to register with RFC. <u>Holdback</u> until then. 4. Make record in "Voucher Register" (folder #1). 5. Review papers and ascertain: <ol style="list-style-type: none"> a. If signed by president (original requisition) b. If Corporate Seal affixed c. If all forms are properly executed (as shown in Form FI-137R) d. If comply with War Regulations <ol style="list-style-type: none"> 1. Plumbing loans in excess of 300 gallons per hr. hp must be approved by A & L Division.

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Loan Accounts WorkDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
II	(Cont'd)	Clerk CAF-4	<p>(Household pumps less than 300 gal. per hr. hp can be approved by you provided they run for one year or less and pay 30% down)</p> <ol style="list-style-type: none"> 2. All locker and refrigeration loans must be approved by Operations Division. 3. Wiring loans must have certification that material was bought prior to 9-30-41. 6. Prepare necessary correspondence to obtain additional or corrected information. 7. Give voucher and correspondence (in folder) to Head of Recording Unit. Enter in "Holdback" records. 8. When all requirements are met, approve requisition. <ol style="list-style-type: none"> a. Bring down approved amount in "approved for _____" on voucher. b. Fill in "RE" number from card. c. Record amount approved in three folders (#1, #2 and #3). This is for your own information. d. Draw red line through previous week's statements. e. Record number of contracts in folder #3. 9. Distribute approved requisition <ol style="list-style-type: none"> a. All copies of VOUCHER and ORIGINAL INSTALLATION NOTE to Head of Recording Unit b. Duplicate INSTALLATION NOTE to Documentary Files c. Retain original STATEMENT OF PURPOSE and STATEMENT OF EXPENDITURES d. Duplicate copies of STATEMENT OF PURPOSE and STATEMENT OF EXPENDITURES to Statistical Tabulations Section, Management Division e. Incoming correspondence to Central Files noted "Requisition approved" f. Carbons of our letters to Allotment Files

PROCEDURE UNDER GENERAL ORDER NO. _____

Loan Accounts Work

SUBJECT _____

DIVISION Finance DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
II	(Cont'd)	Clerk CAF-4	<p>g. Original collateral to Head, Recording Unit, to file</p> <p>h. Duplicate copies of collateral return to system</p>
III	First six days after due date each month	Clerk CAF-3	<p>-Accumulated Interest-</p> <p>1. Run listings and statements on addressograph.</p> <p>2. Pull ledger sheets.</p> <p>3. Compute interest on each note as shown in formula I, page 3, Billing and Collection Manual.</p> <p>4. Enter interest figure on listing.</p> <p>5. Check interest computations, noting any exceptions in blue pencil.</p> <p>6. Make necessary corrections. Recompute each statement where exception is found.</p> <p>7. Add listings. Show state totals in red; region totals in blue; page totals in black.</p> <p>8. Enter statement numbers on listings.</p> <p>9. Initial listing and fill in "due date" and "region" at bottom.</p> <p>10. Give to Recording Unit to post.</p> <p>11. When statements are posted and returned, separate them as follows:</p> <p>a. Separate copies, removing carbon</p> <p>b. Retain tissue copies and file by system</p> <p>c. Clip project copies together <u>by systems</u> so that all statements to <u>same</u> system will be mailed in one envelope</p> <p>d. Mark all Alaska or Virgin Islands statements "Airmail" so they will reach system in time for posting to current month's reports</p> <p>e. Count statements and enter number in "Report Record"</p>
IV	20 days before due date	Clerk CAF-3	<p>-Cash Statements-</p> <p>1. Run listings and statements on addressograph.</p> <p>2. Pull ledger sheets.</p>

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Loan Accounts WorkDIVISION Finance

DATE _____

SECTION _____

POSITION _____

STEP NO.	SEQUENCE	BY	PROCEDURE
	WHEN		
IV	(Cont'd)	Clerk CAF-4	3. Ascertain from card records which notes are to start bearing current interest or first becoming amortized during current billing period. a. Prepare Form FI-16 on each of these projects. (This is to be mailed with statement so the system will be fully informed)
		Clerk CAF-3	4. Compute interest on each note as shown in formula on pages 4-6 of the Billing and Collection Manual. Determine which formula to use for each note by the status of the particular note.
		Clerk CAF-4	5. Enter current or accumulated interest or principal figures in respective spaces on listings.
		Clerk CAF-3	6. Check all computations, noting exceptions in blue pencil.
			7. Make necessary corrections. Recompute each statement where exception was found.
			8. Add listings. Show state totals in red; region total in blue; page totals in black.
			9. Enter statement numbers on listings.
			10. Initial listing and fill in "due date" and "region" at bottom.
			11. Give to Recording Unit to post.
			12. When statements are posted and returned pick out all statements showing cushion of credit and run arrows on them on addressograph machine. This is done to indicate current principal billing, if any, and prevent system from inadvertently remitting check for amount of cushion of credit.
			13. Separate statements as follows: a. Staple white and yellow copies of each statement together b. Retain pink copies and file by state and project. When remittance is received, pull pink copy from file, and file according to statement number in "paid file." (Two days after "due date" check file for unpaid items and send reminder on Form FI-12-694

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Loan Accounts WorkDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
IV	(Cont'd)	Clerk CAF-3	<ul style="list-style-type: none">c. Attach Forms FI-16 to proper state-mentsd. Clip project copies together <u>by system</u> so that all statements to same system will be mailed in one envelopee. Mark all Alaska or Virgin Islands statements "Via Air Mail" so they will reach system in time to remit before due datef. Count statements and enter in "Report Record"g. Send statements to Mail Room 15 days in advance of Regional due date
V	15 - 20 of each month	Clerk CAF-4 and CAF-3	Same as IV, omitting step 3. (Step 4; use formula VI or VII as the note requires)
VI	Daily	Clerk CAF-4 and CAF-3	<ul style="list-style-type: none">1. Pull ledger sheets and statements for each project reported on CT.2. Rule CT's: black line under each project red line under each state, blue line under whole Region.3. Pull letters in "CT folder" regarding any remittance reported on the CT.4. Check to see if remittance is reported in exact amount stated in letter and if application can be made as requested. If so:<ul style="list-style-type: none">a. Mark letter "Credited 'date of CT', <u>your initials</u>"b. If advance payment, or cushion of credit, send letter to Cooperatives' Operations Divisionc. If for sale of material, send letter to Cooperatives' Operations Divisiond. If regular billing, send letter to Central Filese. If any error is noted or any question needing discussion with system, hold and write letter to system when CT is completedf. Enter all advance payments on cards

PROCEDURE UNDER GENERAL ORDER NO. _____

SUBJECT Loan Accounts WorkDIVISION Finance

DATE _____

SECTION _____

POSITION _____

SEQUENCE		BY	PROCEDURE
STEP NO.	WHEN		
VI	(Cont'd)	Clerk CAF-4 and CAF-3	<p>in card file, by project, and place card with other advance payment cards for current month.</p> <p>5. Check remittance for each project against ledger sheets to see if paid as billed.</p> <p>a. Enter amounts remitted in payment of accumulated or current interest or principal in spaces provided on CT. Also show total interest in space provided.</p> <p>b. If an amount in excess of billing is remitted, apply excess amount as an advance payment to principal on Construction note bearing highest rate of interest.</p> <p>1. Enter in "Principal" column of CT for the particular note.</p> <p>2. Fill out Form FI-18 and send to System. (one typed copy only)</p> <p>c. If remittance is reported for sale of material, enter on card in card file and place card with other cards reporting sales for current month.</p> <p>d. Prepare dummy billings to principal for all sales of material reported. Note: If remittance is reported by RFC for power bill by Bureau of Reclamation or other authority designated by Loan Contract, prepare dummy billing to principal. Mark Power Bill "Credited" together with date and number of CT, initial and send to Rate Section</p> <p>e. Add all columns on CT, showing state totals in red and region total in blue.</p> <p>f. Add across and balance.</p> <p>g. Add checks and balance with total of principal and interest.</p> <p>h. Fill out Form FI-17 for late payments (one typed copy goes to system - this is to endeavor to obtain remittances before due date).</p> <p>i. Count items on CT and enter number in CT folder.</p> <p>j. Prepare necessary correspondence 6-694</p>

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VII	Daily	Clerk CAF-4 and CAF-3	<ol style="list-style-type: none"> 1. Pull ledger sheets and statements for each project reported on CT. 2. Pull letters in "CT folder" regarding any remittance reported on the CT. 3. Check to see if remittance is reported in exact amount stated in letter and if application can be made as requested. If so, mark letter "credited 'date of CT', your initials" and send to Central Files. If answer is required, hold until CT is finished. 4. Check remittance for each project against ledger sheets to see if paid as billed. <ol style="list-style-type: none"> a. Enter amounts remitted in payment of interest or principal in spaces provided on CT. b. If an amount in excess of billing (not to reacquire consumer collateral) is reported, apply excess amount as a principal payment on oldest unpaid Installation Note. Prepare dummy billing for this amount. c. Fill out "flow chart" for notes on which final principal is paid. 5. If remittance is received for acquiring consumer notes: <ol style="list-style-type: none"> a. Pull consumer note. b. Pull ledger sheet for Installation Note on which consumer note is held as collateral. c. Ascertain percentage of regular semi-annual billings still to be paid on the Installation Loan. Apply that percentage to face amount of consumer note. <ol style="list-style-type: none"> 1. If remittance for the note, or notes, is sufficient, apply as principal payment and place note aside to be endorsed and returned.

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STEP NO.	WHEN		
VII	(Cont'd)	Clerk CAF-4 and CAF-3	<div>2. If remittance is insufficient to acquire the note, apply remittance as principal payment and place notes aside with notation of amount still needed (letter to be written).</div> <div>d. Prepare dummy billings to cover all remittances applied for consumer notes.</div> <div>6. Add all columns on CT, showing state totals in red and region total in blue.</div> <div>7. Add across and balance.</div> <div>8. Add checks and balance with total remittances.</div> <div>9. Prepare Form FI-17 for late payments, one typed copy to system only.</div> <div>10. Have notes to be returned endorsed by Assistant to Chief, Ettleman.</div> <div>11. Prepare necessary correspondence.</div>
VIII	When final principal is paid and note is returned from Recording Unit	Clerk CAF-3 Clerk CAF-4 Clerk CAF-3	<div>1. Compute additional interest due to date of CT reporting final payment of principal.</div> <div>2. Check interest computation. Record number of items as indicated under IV, item 13 f.</div> <div>3. Prepare listing and statement and give to Recording Unit to post.</div> <div>4. Mail statement after posting.</div>
IX	When final interest is paid and ledger sheet is returned from Recording Unit	Clerk CAF-4	<div>1. Check note from beginning to see that all payments have been made and billed out.</div> <div>2. Re-add advances, loan repayments, interest and principal billings.</div> <div>3. Balance across.</div> <div>4. Stamp ledger sheet "Paid in Full" in upper right hand corner and under "00" in Loan Balance column. Initial in both places.</div> <div>5. Stamp Kardex "Paid in Full."</div> <div>6. Pull addressograph plate and mark "Paid in Full."</div>

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STEP NO.	WHEN		
IX	(Cont'd)	Clerk CAF-4	<p>7. If receipts are in balance, pull Installation Note and have endorsed by Assistant to the Chief, Ettleman.</p> <p>a. Return Installation Note with letter to system, retaining "holdback" copy in file until receipted copy is returned.</p> <p>8. Complete "flow chart" and return ledger sheet to Head of Recording Unit to be posted to paid-in-full card.</p> <p>9. Pull consumer notes held in support of the paid-in-full Installation Note (if receipts in balance).</p> <p>a. If date of maturity is reached, have note endorsed and return.</p> <p>b. If date of maturity has not been reached, hold in folder marked "Consumer Notes Paid" until maturity or until <u>all</u> Installation Notes of that system have been paid in full.</p> <p>10. When <u>all</u> Installation Notes of any one system have been paid in full, return all remaining consumer collateral regardless of date of maturity.</p> <p>11. When receipted copies of letters returning notes are received from the systems:</p> <p>a. Pull "holdback" copies and destroy.</p> <p>b. File <u>receipted copies</u> in contract folders.</p> <p>12. If receipts and advances are not in balance:</p> <p>a. Omit steps 7 and 9.</p> <p>b. When ledger sheet is returned from Recording Unit, after posting to paid-in-full card, place in holdback file of paid-in-full ledger sheets awaiting contractors' receipts.</p> <p>13. Place all paid-in-full Installation Notes in file "Holding for Expenditures" until receipts and advances are in balance, at which time the notes should be returned to the system. Periodic checks should be made on this file and follow-up at regular intervals made.</p>

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X	When final interest is paid and ledger sheet is returned from Recording Unit	Clerk CAF-4	<ol style="list-style-type: none">1. Check note from beginning to see that all payments have been made and billed out.2. Re-add advances, loan repayments, interest and principal billings.3. Balance across.4. Stamp ledger sheet "Paid in Full" in upper right hand corner and under "OO" in Loan Balance column. Initial in both places.5. Have Kardex stamped "Paid in Full."6. Pull addressograph plate; mark it "Paid in Full."7. Pull Construction Note.<ol style="list-style-type: none">a. Forward note to Office of Chief for receipting before release.b. Forward note to Office of Solicitor with memorandum "for necessary steps to be taken for its release."c. Write system that note has been forwarded to the Office of Solicitor for above purpose.
XI	When contractors' receipts are submitted or when time permits to review allotment folders not in balance	Clerk CAF-4	<ol style="list-style-type: none">1. Review each requisition, finding supporting contractors' receipts for each consumer loan listed thereon.2. List contractors' receipts in allotment folder by:<ol style="list-style-type: none">a. Date received.b. Number of requisition with which they were submitted, or date of letter or certification as the case may be.c. Amount.3. Balance "receipts" against "advances."<ol style="list-style-type: none">a. If in balance, paid-in-full Installation Notes and supporting collateral may be returned, if collateral has matured.b. If not in balance, no Installation Notes can be returned, and consumer notes can be returned only by special request of system as outlined in "VII-5."c. Write letters to systems having outstanding contractors' receipts.

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XII	1st day of each month	Clerk CAF-4	<ol style="list-style-type: none"> 1. Prepare report for Head of Recording Unit covering requisitions and receipts. <ol style="list-style-type: none"> a. Sample in "Report Records" folder - omit grand totals. 2. Prepare following 3 reports for Assistant to Chief, Ettleman (samples in Report Records" folder): <ol style="list-style-type: none"> a. Sales reported during month. b. Advance Payments made during month. c. Number statements mailed, number of credit ticket items and other data.
XIII	First of January, April, July and October	Clerk CAF-4 and CAF-3	<ol style="list-style-type: none"> 1. Run listings of all projects in region on work sheets. 2. Check to see that all projects in region are listed on work sheets. 3. Pull ledger sheets for each state as worked. 4. Rule ledger sheets in blue pencil below last entries included in period. <ol style="list-style-type: none"> a. If payments are made covering billing falling in next Debt Service period, these payments are <u>omitted</u>. Blue line is drawn above them. 5. Add construction ledger sheets in following columns, placing totals on ledger sheet in blue pencil: <ol style="list-style-type: none"> a. Advances. b. Loan repayments. c. Interest payments. d. Accumulated Interest billed. e. Current Interest billed. f. Principal billed. 6. Enter data on work sheets, carefully comparing note designations. 7. Break down overdue interest and principal amounts as follows: <ol style="list-style-type: none"> a. "A" = Less than 30 days overdue. Place red <u>A</u> before these amounts. b. "B" = More than 30 days overdue. Place red <u>B</u> before these amounts. 8. Add notes in each system and enter system totals in red. 9. Balance across after entering each system totals. <ol style="list-style-type: none"> a. Principal paid - advance payments + overdue = Principal due.

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XIII	(Cont'd)	Clerk CAF-4 and CAF-3	<p>b. Interest overdue + interest paid = interest due.</p> <p>c. Contract amount = last debt service figure plus any new allotment.</p> <p>1. New allotments are obtained from Recording Unit when starting to work Debt Service.</p> <p>d. Check dates of first note against last Debt Service report.</p> <p>10. Add all system totals and enter Regional State totals in red. Balance across.</p> <p>11. Add all State totals and enter Regional totals in blue. Balance across.</p> <p>12. Wiring sheets are entered on separate work sheets first and system totals only transferred to Debt Service.</p> <p>a. Enter total paid-in-full figures at top of each system. These figures are obtained from the paid-in-full cards.</p> <p>b. Enter blue totals from ledger sheets opposite respective notes in same way as construction.</p> <p>c. Add all notes in system, enter in red and balance across.</p> <p>d. Enter red totals on Debt Service on Wiring side of sheet.</p> <p>e. Add all systems and enter Regional State totals in red. Balance across.</p> <p>f. Add all State totals and enter Region totals in blue. Balance across.</p> <p>g. Enter totals in "Number of Notes" column.</p> <p>1. Construction notes = 1 note for each project.</p> <p>2. Installation notes = number shown on last Debt Service report plus number added during three subsequent months.</p> <p>3. Consumer notes = number shown on last Debt Service minus number returned during three subsequent months plus new ones added during those months.</p>

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XIII	(Cont'd)	Clerk CAF-4 and CAF-3	<p>13. Check with last Debt Service report for any footnotes which should be entered.</p> <p>14. Place red "X" after each system having paid-in-full wiring notes.</p> <p>15. Place red asterisk after each construction note which is paid in full, and also after the system applicable thereto.</p> <p>16. Compare all State and Region totals, both Construction and Wiring, with Control figures obtained from Head of Recording Unit.</p> <p>17. Recheck ledger sheets to find any differences from control figures.</p> <p>18. When all totals balance with Control, give work sheets to Assistant to Chief, Ettleman, for typing.</p>

